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THE HAMILTON COTTON COMPANY
LIMITED

**MID-YEAR
REPORT TO
SHAREHOLDERS**

OCTOBER 4, 1969

THE HAMILTON COTTON COMPANY, LIMITED

To the Shareholders:

The unaudited financial statements of the Company for the first twenty-eight weeks of its present fiscal year, printed in brief overleaf, show a net profit of \$148,771 and a gain in working capital of \$106,418. The principal items included in income, in arriving at the profit figures, are payments received under the Cosmos leases, the profit of the Narrow Fabrics Division, dividends of \$20,000 on the shareholding in Cosmos Imperial Mills, Limited, a dividend of \$10,000 from Maschinen Miete GmbH, and a dividend of \$30,000 on the preferred shares of North America Business Equipment Limited (NABEL).

The Company acquired control of NABEL in mid-September and now holds 60.7% of the issued common shares which will increase to 76.7% when the Company converts its holding of NABEL convertible preferred shares. It is the intention of the Company to consolidate its share of NABEL's earnings from the date that NABEL became a subsidiary rather than taking into profit only the dividend received on NABEL preferred shares. NABEL'S operations for the first six months of its present fiscal year to the 31st of October, 1969 are ahead of its budget which is for a twelve-month net profit of \$320,000.

The share of Hamilton Cotton Company in the earnings of the European leasing companies is considerably more than the dividend received from Maschinen Miete GmbH which is the only income from these investments taken into profit in the first six months of the year. This income is expected to be greater in the second half of the year.

No comparable financial figures are shown for the same period of last year as these would not be meaningful in view of the changed nature of the Company's business as set out in the recently published annual report.

W. H. YOUNG,
President.

November 24, 1969

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Unaudited)

For the period from March 24, 1969 to
October 4, 1969

Funds provided:

From Operations

Net Income \$ 148,771

Non-cash items entering into
net income:

Add:

Depreciation and amortization . 207,190

\$ 355,961

Decrease—Mortgages Receivable 6,956

Decrease—Notes Receivable 950,000

Sale of Common Shares 70,000

Discount—Redemption of

Preferred Shares 6,383

\$1,389,300

Used as follows:

Increase—Investments

and Advances 971,783

Reduction of Accounts and

Notes Payable 10,458

Reduction of Funded Debt 150,000

Fixed Assets purchased 23,420

Redemption—Preferred Shares,

Series "A" 33,500

Redemption—Preferred Shares,

Series "B" 25,000

Dividends paid 68,721

Increase in working capital \$ 106,418

Working capital at beginning

of period 1,223,448

Working capital at end of period 1,329,866

INTERIM CONSOLIDATED FINANCIAL INFORMATION SUMMARY

(Unaudited)

For the period from March 24, 1969 to
October 4, 1969

Sales \$1,892,471

Profit before income tax 155,771

Current Income Taxes 7,000

Net Profit \$ 148,771